

FISCAL NOTE

Bill #: HB0568

Title: Revise property tax exemption for motion picture property

Primary Sponsor: Rice, D

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

FY 2004 Difference

FY 2005 Difference

Expenditures:

General Fund

\$0

\$0

Revenue:

General Fund

\$1,096

\$1,096

Net Impact on General Fund Balance:

\$1,096

\$1,096

- | | |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

1. This bill changes the manner in which properties, including vehicles, which are brought into the state or otherwise used for the exclusive purpose of filming motion pictures or television commercials, are exempt from property taxation and vehicle registration fees. Currently, these properties are granted an exemption provided the property does not remain in the state for more than 180 consecutive days in a calendar year.
2. For the purposes of this fiscal note it is assumed that this bill would allow for exemption of property taxes and vehicle registration fees only if the owner of the property, including vehicles, pays individual income taxes or corporation income taxes in Montana. It is further assumed, that to administer the bill, property taxes would be collected on the property while in the state. If the property owner seeks the exemption, the owner would then provide proof of filing a Montana individual or corporate income tax return for the tax year of the exemption. This would require a refund of the property taxes paid on the property.
3. It is estimated that the market value of the motion picture equipment exempted by this bill would be \$360,000.
4. It is estimated that \$360,000 in market value of motion picture equipment would switch from exempt to taxable.
5. The affect of the bill would increase property tax revenues by \$4,713 ($\$360,000 \times 3\% = \$10,800 \times 436.46 \text{ mills} / 1,000 = 4,713.78$) and increase general fund revenue (95 mills) by \$1,096.

Fiscal Note Request HB0568, As Introduced
(continued)

TECHNICAL NOTES:

1. There may be a challenge to this bill on the grounds of equalization under Mont. Const. Art. VIII, §§ 3 and 5, since the exemption is granted to some owners of filming property, but not others.
2. Under the provisions of this bill, it seems the property taxes would have to be paid well in advance of knowing whether or not the entity has paid individual or corporate income taxes, as income taxes are not due until the following year. So it seems a refund provision would be necessary in order to enable the property tax exemption under this bill. The bill does not provide for a refunding provision.